



ANNUAL REPORT OF THE MICHIGAN STATE TREASURER

Fiscal Year 2006 - 2007



JENNIFER M. GRANHOLM, GOVERNOR



ROBERT J. KLEINE, STATE TREASURER

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Note: Dollar figures in financial tables represent thousands of dollars unless indicated otherwise.
Figures may not add to totals because of rounding.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

October 2008

The Honorable Jennifer Granholm
Members of the Michigan Legislature
People of the State of Michigan

Attached for your review is the Annual Report of the Michigan State Treasurer for Fiscal Year 2006-2007. This report contains financial information regarding the State Treasurer's Common Cash Fund, Investment Portfolios and Revenues, Michigan's General Obligation Debt, Bond, and Note Payments, as well as State Administered Tax Revenues collected during FY 2007.

Despite a very challenging year, I am pleased to report that the State of Michigan ended FY 2007 with a General Fund balance of more than \$259 million and a School Aid Fund balance of \$82.4 million. This could not have been possible without prudent spending practices and other reforms enacted by this administration.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Kleine".

Robert J. Kleine
State Treasurer

Schedule 1



State Treasurer's Common Cash - Assets and Equities (In Thousands of Dollars)

	<u>Fiscal Year Ended September 30</u>	
	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash on Hand	\$ -0-	\$ -0-
Demand Deposits	203,223	173,010
Time Deposits - Regular	1,524,100	-0-
Time Deposits - Marina Loan Program	29	118
Time Deposits and Notes - Agricultural Loan Program	-0-	1,356
Prime Commercial Paper - At Cost	298,867	1,295,466
Emergency Municipal Loans	52,597	51,247
Michigan Sugar Beet Loan Program	<u>2,400</u>	<u>3,500</u>
Total	<u>\$ 2,081,216</u>	<u>\$ 1,524,697</u>
<u>Equities</u>		
Available Equity of Other Funds	\$ 1,951,706	\$ 1,397,478
Outstanding Warrants	<u>129,510</u>	<u>127,219</u>
Total	<u>\$ 2,081,216</u>	<u>\$ 1,524,697</u>

Schedule 2



Investment Portfolios of Specific Funds (In Thousands of Dollars)

Fund	Short-Term Investments	Fixed Income Securities	Equities and Mutual Funds	Real Estate and Mortgages	Alternative Investments	International Equities	FY Ended Sept. 30	
							2007 Total	2006 Total
Legislative Retirement	\$ 1,573	\$ 48,839	\$ 153,587	\$ -0-	\$ -0-	\$ -0-	\$ 203,999	\$ 183,627
State Police Retirement	25,660	218,637	627,789	130,417	188,051	152,212	1,342,766	1,201,462
State Employees' Retirement	210,912	1,992,941	5,701,330	1,166,352	1,582,953	1,386,618	12,041,106	10,835,884
Public School Employees' Retirement	1,177,359	8,027,536	22,990,645	4,357,021	6,845,276	5,540,557	48,938,394	43,145,541
Judges' Retirement	6,731	58,778	154,914	43,343	35,015	36,917	335,698	303,076
Michigan Veterans' Trust	10,689	37,205	-0-	-0-	-0-	-0-	47,894	46,766
Game and Fish Protection	21,147	1,760	-0-	-0-	-0-	-0-	22,907	24,986
Game and Fish Protection Trust	66,862	49,597	-0-	-0-	-0-	-0-	116,459	108,398
Michigan Civilian Conservation Corps	961	19,255	-0-	-0-	-0-	-0-	20,216	19,707
Michigan Natural Resources Trust	234,532	213,888	-0-	-0-	-0-	-0-	448,420	407,875
Michigan State Parks Endowment	54,981	90,061	-0-	-0-	-0-	-0-	145,042	133,624
Children's Trust	6,546	16,237	-0-	-0-	-0-	-0-	22,783	22,328
Michigan Nongame Fish and Wildlife	1,198	5,263	-0-	-0-	-0-	-0-	6,461	6,301
State Lottery	4,585	370,894	-0-	-0-	-0-	-0-	375,479	440,068
Michigan Higher Education Assistance Authority	1,575	-0-	-0-	-0-	-0-	-0-	1,575	1,572
Michigan Education Trust	85,576	521,535	344,153	-0-	-0-	-0-	951,264	923,380
Mackinac Bridge Authority	10,317	20,816	-0-	-0-	-0-	-0-	31,133	25,639
Gifts, Bequests, and Deposits Investment	17,564	17,865	193	-0-	-0-	-0-	35,622	34,641
Totals	\$1,938,768	\$11,711,107	\$29,972,611	\$5,697,133	\$8,651,295	\$7,116,304	\$65,087,218	\$57,864,875

The accompanying notes are an integral part of the financial schedules.

Schedule 3



Investment Revenues (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2007	2006
General	\$ (25,140)	\$ -0-	\$ (25,140)	\$ (7,130)
Counter - Cyclical Budget and Economic Stabilization	73	-0-	73	65
Game and Fish Protection	570	113	683	901
State Aeronautics	607	-0-	607	773
Michigan Veterans' Trust	287	3,147	3,434	2,036
State Trunkline	23,875	-0-	23,875	24,468
Michigan State Waterways	1,387	-0-	1,387	1,441
Blue Water Bridge	237	-0-	237	816
Michigan Transportation	7,640	-0-	7,640	8,300
Comprehensive Transportation	226	-0-	226	(18)
School Aid	(1)	-0-	(1)	3,625
Marine Safety	117	-0-	117	133
Game and Fish Protection Trust	1,539	10,196	11,735	7,751
State Park Improvement	202	-0-	202	261
Forest Development	314	-0-	314	620
Recreation Bond - Local Projects	8	-0-	8	7
Michigan Civilian Conservation Corps	44	1,271	1,315	754
Michigan Natural Resources Trust	8,291	22,779	31,070	19,411
Michigan State Parks Endowment	1,590	9,886	11,476	7,353
Safety Education and Training	74	-0-	74	152
Clean Michigan Initiative Bond - Local Projects	106	-0-	106	96
Environmental Protection Bond	1,360	-0-	1,360	320
Clean Michigan Initiative Bond - Environment Projects	2,884	-0-	2,884	526
Bottle Deposits	1,663	-0-	1,663	2,588
State Construction Code	84	-0-	84	138
Children's Trust	162	-0-	162	947
Homeowner Construction Lien Recovery	128	-0-	128	159
Michigan Nongame Fish and Wildlife	20	433	453	312
21st Century Jobs Trust	19,458	-0-	19,458	7,957
1989 State Trunkline Bond Proceeds	47	-0-	47	49
1992 State Trunkline Bond Proceeds	(1)	-0-	(1)	85
1994 State Trunkline Bond Proceeds	14	-0-	14	10
Michigan Merit Award Trust	369	-0-	369	(337)
Tobacco Settlement Trust	(12)	-0-	(12)	696
State Truckline Bond Proceeds	4,866	-0-	4,866	4,941
Build Michigan II - GARVEE Note Proceeds	191	-0-	191	39
Comprehensive Transportation Bond Proceeds	4,437	-0-	4,437	3,733
Liquor Purchasing Revolving	4,628	-0-	4,628	4,603
State Lottery	5,186	23,276	28,462	19,143
Land Bank Fast Track Authority	136	-0-	136	22
State Fair Exposition and Fairground	(21)	-0-	(21)	12

Schedule 3



Continued. . . (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2007	2006
State Fair Exposition and Fairgrounds	\$ 21	\$ -0-	\$ 21	\$ 12
Jobs for Michigan Investment	292	-0-	292	4
State Water Pollution Control Loan	169	-0-	169	49
Combined State Trunkline Bond and Interest Redemption	75	-0-	75	112
Combined Comprehensive Transportation Bond and Interest Redemption	7	-0-	7	190
Recreation and Environmental Protection Bond Redemption	39	-0-	39	35
Clean Michigan Initiative Bond - State Projects	97	-0-	97	85
Recreation Bond - State Projects	8	-0-	8	6
Legislative Retirement	161	30,092	30,253	12,886
State Police Retirement	99	203,410	203,509	142,130
State Employees' Retirement	1,114	1,818,449	1,819,563	1,267,821
Public School Employees' Retirement	7,026	7,286,010	7,293,036	5,023,726
Judges' Retirement	82	50,039	50,121	34,774
Michigan Employment Security Act Contingent	749	-0-	749	467
Vietnam Veterans' Memorial Monument	33	-0-	33	25
Law Enforcement Officers Memorial	3	-0-	3	2
Military Family Relief	86	-0-	86	68
Children's Institute Trust	5	-0-	5	5
Gifts, Bequests, and Deposits Investment	1,043	626	1,669	1,720
Silicosis, Dust Disease, and Logging Industry Compensation	120	-0-	120	106
Second Injury	604	-0-	604	493
Hospital Patients' Trust	11	-0-	11	9
Self-Insurers' Security	898	-0-	898	702
State Employees' Deferred Compensation I (457)	59	-0-	59	39
State Employees' Deferred Compensation II (401(k))	50	-0-	50	32
State Employees' Defined Contribution Plan	14	-0-	14	5
Environmental Quality Deposits	159	-0-	159	135
Utility Consumer Representation	163	-0-	163	148
Transportation Related Trust	(704)	-0-	(704)	(691)
Michigan Higher Education Assistance Authority	-0-	75	75	65
Mackinac Bridge Authority	-0-	1,590	1,590	1,043
Michigan Education Trust	-0-	49,442	49,442	49,442
TOTALS	\$ 80,107	\$9,510,834	\$9,590,941	\$6,653,391

The accompanying notes are an integral part of the financial schedules.

Notes to Financial Schedules



NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a. Report Presentation

The accompanying financial schedules report the assets and equities of the State Treasurer's common cash (Schedule 1), investment portfolios of specific funds (Schedule 2), and investment revenues of the common cash and specific funds (Schedule 3).

The State Treasurer's common cash and specific funds are accounted for in various funds of the State of Michigan and reported in the *State of Michigan Comprehensive Annual Financial Report*.

The *State of Michigan Comprehensive Annual Financial Report* provides more extensive general disclosures regarding the State Treasurer's common cash and deposits and investments. These disclosures provide information regarding market values and risk levels of the deposits and investments.

Common Cash Pool. The State Treasurer, under the authority provided by State statute, manages the State's common cash pool. The pooling of cash allows the State Treasurer to invest money not needed to pay immediate obligations so that investment earnings on available cash are maximized. Pool investments are not segregated by fund; rather, each contributing fund's balance is treated as equity in the common cash pool.

Investments. The State Treasurer, under authority provided by State statutes, manages most investments for the State of Michigan.

Short-Term Investments: This category includes each of the listed fund's individually held short-term investments by classification, the fund's equity in the State Treasurer's common cash pool, and receivables and payables pertaining to security trades not yet settled at fiscal year-end.

Alternative Investments: These investments consist of limited partnerships.

Derivatives: These are financial instruments whose value is derived from, or based on, an underlying security, asset, reference rate or index. The State Treasurer only uses derivative securities or related contractual agreements to hedge assets held or to replicate asset returns. Derivatives are not used for speculation or to leverage the investment portfolios.

The State Treasurer does not employ the use of derivatives in the investment of the State Treasurer's common cash pool or the investment of trust funds other than the pension trust funds.

The State Treasurer invests in derivatives as detailed below:

- *U.S. Passive Equities (Derivatives):* These investments are equity index hedge and replication of return strategies and represent 0.3 percent of the pension trust funds Equities and Mutual Funds investment category.

The pension trust fund portfolios have been invested from time to time in derivative securities and contracts related to U.S. passive equity funds. On September 30, 2007 and September 30, 2006 these strategies comprised approximately 0.2 percent and 0.6 percent of the total pension trust funds, respectively.

- *S&P 600 Small Cap Index (Derivatives):* These investments are swap agreements that matured in May 2007.
- *International Equity Swaps (Derivatives):* These investments are swap agreements and represent 57.8 percent of the International Equities investment category.

Swap agreements, which are tied to stock market indices in the United States and 22 foreign countries, are the core of the International Equity Market investment strategy and the S&P 600 Small Cap investment strategy. These contractual agreements are made with large global banks and brokerage firms, and represent approximately 6.6 percent and 8.9 percent of the total pension trust funds on September 30, 2007 and 2006, respectively.

Separately issued financial reports including financial statements and required supplementary information are issued for the pension trust funds. These reports provide more extensive disclosures for derivatives.



b. Basis of Accounting

Schedule 1, *State Treasurer's Common Cash - Assets and Equities*, is presented on the cash basis of accounting. (*The State of Michigan Comprehensive Annual Financial Report's* disclosure regarding the State Treasurer's common cash includes \$5.0 million in interest receivable, because it is presented on the modified accrual basis of accounting.) Schedule 2, *Investment Portfolios of Specific Funds*, and Schedule 3, *Investment Revenues*, are reported on the accrual basis of accounting.

These financial schedules are not intended to constitute a complete financial presentation of either the Department of Treasury or the State's General Fund in accordance with accounting principles generally accepted in the United States of America.

c. Valuations of Investments

Schedule 1. All investments are reported at cost.

Demand deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system.

The market value of prime commercial paper and time deposits - regular at September 30, 2007 and 2006 was \$1,825.9 and \$1,297.2 million, respectively.

Schedule 2. Methods used to value investments.

All investments are reported at fair value, except for short-term investments, which are reported at cost. Securities traded on a national exchange are valued at last reported sales price. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

d. Securities Lending Transactions

Under the authority of Act No. 314 of the Public Acts of 1965, the State lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State's third-party agent, Credit Suisse, manages the securities lending program and receives cash collateral. The agent is not liable for any losses on the management of the cash collateral portfolio unless there is negligence or willful misconduct on its part. The collateral cash cannot be pledged or sold by the State and the State receives cash collateral in the amount of at least 102 percent of the market value of the securities lent. The types of securities lent are government securities, corporate bonds and equities. There is no restriction on the amount of securities lent. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. At September 30, 2007 and 2006 the State had no outstanding credit loss on the securities lent. The market value of the securities lent at September 30, 2007 and 2006 was \$13,523.1 and \$9,009.9 million, respectively. The amortized cost of the securities lending cash collateral pool at September 30, 2007, was \$13,850.2 million and the market value was \$13,642.7 million. The amortized cost at September 30, 2006, was \$9,239.2 million with a market value of \$9,240.8 million.

NOTE 2: CHANGE IN REPORTING OF FUNDS

Effective for FY ended September 30, 2007:

Michigan Underground Storage Tank Financial Assurance and Michigan Underground Storage Tank Financial Assurance Authority were removed from Schedule 3.

Effective for FY ended September 30, 2006:

21st Century Jobs Trust Fund and Jobs for Michigan Investment Fund were added to Schedule 3. State Sponsored Group Insurance Fund and State Park Revenue Bond Fund were removed from Schedule 3.

Cash and Investments

The State Treasurer manages the State's cash so funds not needed to pay immediate obligations are invested to earn income. Investments include time certificates of deposit and prime commercial paper as detailed in Schedule 1, *State Treasurer's Common Cash - Assets and Equities*.

Statutes also allow the State Treasurer to loan funds from the common cash pool to financially troubled municipalities in Michigan and to make common cash available to Michigan farmers experiencing financial stress.

The common cash fund pools the cash balances of certain State funds until paid as provided by law.

Manageable common cash includes the following funds:

- General
- School Aid
- Budget Stabilization
- Special Revenue and Enterprise
- Internal Service
- Trust and Agency

The State Treasurer is authorized to transfer cash on hand and on deposit among the various funds in the state Treasury, except funds established to pay debts service on notes and bonds, in such a manner as to best manage the available cash, maximize short-term investment earnings and ensure State obligations are paid when due.

Table 1



Investment Revenues for Fiscal Years 1998-2007 (In Thousands of Dollars)

	General Fund Common Cash Earnings (Expenses) ^(a)	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Other Investment Funds	Totals
2007	\$ (25,140)	\$ 7,293,036	\$ 1,819,563	\$ 203,509	\$ 50,121	\$ 249,852	\$ 9,590,941
2006	(7,130)	5,023,726	1,267,821	142,130	34,774	192,070	6,653,391
2005	(16,043)	4,622,419	1,184,720	132,583	32,277	148,797	6,104,753
2004	(10,258)	4,227,384	1,092,404	120,506	29,167	117,941	5,577,145
2003	(5,891)	4,622,454	1,240,425	135,298	34,929	137,619	6,164,834
2002	(1,664)	(3,652,504)	(985,906)	(106,066)	(25,747)	211,087	(4,560,800)
2001	66,572	(4,511,763)	(1,247,748)	(136,149)	(30,726)	380,968	(5,478,846)
2000	72,497	4,818,123	1,378,453	146,279	44,467	327,887	6,787,706
1999	20,690	5,124,436	1,482,096	158,055	53,345	605,413	7,444,035
1998	(17,192)	2,443,513	718,011	76,461	26,467	497,425	3,744,685

(a)

Fiscal Year Ending	Total State Treasurer's Common Cash Fund and General Obligation Note Retirement Fund Earnings	Distribution of Earnings to Retirement and Other Funds Reported in Their Earnings	General Fund Common Cash Earnings (Expenses)
2007	\$ 80,107	\$ 105,247	\$ (25,140)
2006	82,456	89,586	(7,130)
2005	46,256	62,299	(16,043)
2004	18,440	28,699	(10,258)
2003	27,892	33,783	(5,891)
2002	69,894	71,558	(1,664)
2001	247,607	181,035	66,572
2000	277,698	205,201	72,497
1999	163,811	143,121	20,690
1998	143,222	160,414	(17,192)

Table 2



Statement of Actual Available Month-End Common Cash (In Millions of Dollars)

Month	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash ^(a)	Retirement Funds	Bond Funds ^(b)	Total Common Cash
October 2006	\$ (683.0)	\$ 2.0	\$ 2,030.4	\$ 1,349.4	\$ 108.8	\$ 486.3	\$ 1,944.5
November	(754.9)	2.0	1,967.2	1,214.3	239.8	316.4	1,770.5
December	47.5	2.0	1,953.2	2,002.7	243.5	268.1	2,514.3
January 2007	132.5	2.0	1,983.4	2,117.9	115.1	263.1	2,496.1
February	(902.8)	2.0	2,043.3	1,142.5	173.4	244.6	1,560.5
March	(1,808.8)	2.0	2,028.6	221.8	129.2	236.8	587.8
April	(1,572.4)	2.1	2,308.9	738.6	82.6	257.6	1,078.8
May	(1,960.9)	2.1	2,493.5	534.7	144.1	213.1	891.9
June	(2,206.2)	2.1	2,644.5	440.4	143.8	137.3	721.5
July	(1,979.3)	2.1	2,651.3	674.1	219.5	87.0	980.6
August	(1,515.3)	2.1	2,637.4	1,124.2	138.5	481.3	1,744.0
September	(1,004.4)	2.1	2,396.9	1,394.6	133.7	423.4	1,951.7

(a) Manageable Common Cash includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.

(b) Includes Debt Service, Capital Projects, and Bond Funds.

Table 3



Common Cash History (In Millions of Dollars)

Fiscal Year Ended	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash ^(a)	Retirement Funds	Bond Funds ^(b)	Total Common Cash
September 1998	136.0	1,000.5	1,426.3	2,562.8	140.3	264.2	2,967.3
September 1999	1,068.3	1,222.5	1,423.9	3,714.7	142.9	130.2	3,987.8
September 2000	1,631.6	1,264.4	1,996.1	4,892.1	186.2	153.4	5,231.7
September 2001	1,091.5	994.2	1,782.5	3,868.2	143.1	578.2	4,589.5
September 2002	454.7	145.2	1,776.3	2,376.2	121.8	518.2	3,016.2
September 2003	(490.1)	0.0	1,915.8	1,425.7	152.2	418.3	1,996.2
September 2004	(897.6)	0.0	2,077.2	1,179.6	197.5	402.7	1,779.8
September 2005	(856.4)	2.0	1,873.3	1,018.9	103.7	241.6	1,364.2
September 2006	(1,300.5)	2.0	2,159.3	860.8	93.2	443.5	1,397.5
September 2007	(1,004.4)	2.1	2,396.9	1,394.6	133.7	423.4	1,951.7

(a) Manageable Common Cash includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.

(b) Includes Debt Service, Capital Projects and Bond Funds.

Table 4



State Treasurer's Common Cash Fund, Cash Balances and Transactions by Fund (In Thousands of Dollars)

Fund	Cash Balances 10-1-06	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-07	Warrants Outstanding	Available Balances 9-30-07
GENERAL AND SCHOOL AID								
General	\$ 527,416	\$ 32,523,193	\$ 32,639,249	\$ 487,191	\$ 163,903	\$ 734,649	\$ 92,928	\$ 641,721
School Aid	(1,737,986)	11,800,977	12,664,186	997,927	42,482	(1,645,750)	413	(1,646,163)
Total General and School Aid	\$ (1,210,570)	\$ 44,324,170	\$ 45,303,435	\$ 1,485,118	\$ 206,385	\$ (911,101)	\$ 93,341	\$(1,004,442)
BUDGET STABILIZATION								
Counter-Cyclical Budget and Economic Stabilization	\$ 2,017	\$ 73	\$ -0-	\$ -0-	\$ -0-	\$ 2,090	\$ -0-	\$ 2,090
Total Budget Stabilization	\$ 2,017	\$ 73	\$ -0-	\$ -0-	\$ -0-	\$ 2,090	\$ -0-	\$ 2,090
SPECIAL REVENUE								
Game and Fish Protection	\$ 23,254	\$ 54,879	\$ 67,947	\$ 11,851	\$ 890	\$ 21,147	\$ 105	\$ 21,042
Michigan Employment Security Act-Administration	(8,260)	132,239	138,507	8,947	858	(6,440)	186	(6,626)
State Aeronautics	21,738	197,580	210,460	11,000	4,398	15,460	255	15,205
Michigan Veterans' Trust	3,652	11,681	4,639	-0-	5	10,689	3	10,685
State Trunkline	628,454	1,012,996	1,466,681	850,622	158,812	866,579	8,592	857,987
Michigan State Waterways	40,938	19,317	29,363	14,782	340	45,334	877	44,456
Blue Water Bridge	7,617	14,198	9,567	-0-	2,551	9,697	11	9,686
Michigan Transportation	175,181	1,999,586	1,005,057	979	1,001,979	168,710	394	168,316
Comprehensive Transportation	45,216	94,423	227,550	168,763	28,880	51,972	240	51,732
Marine Safety	2,573	104	1,940	-0-	737	-0-	-0-	-0-
Game and Fish Protection Trust	8,297	76,564	6,148	-0-	11,851	66,862	2	66,860
State Park Improvement	8,900	39,767	37,720	-0-	1,367	9,580	49	9,531
Forest Development	12,922	27,196	30,286	-0-	1,170	8,662	39	8,623
Michigan Civilian Conservation Corps	753	1,528	1,318	-0-	3	961	2	959
Michigan Natural Resources Trust	122,189	180,551	58,194	-0-	10,014	234,532	348	234,184
Michigan State Parks Endowment	14,830	49,268	19,055	10,000	62	54,982	76	54,906
Safety Education and Training	4,033	9,076	8,710	-0-	45	4,354	6	4,348
Bottle Deposits	58,491	23,754	30,023	8,000	379	59,843	789	59,054
State Construction Code	2,441	12,838	11,086	-0-	93	4,100	7	4,093
Children's Trust	766	13,446	7,665	-0-	-0-	6,547	29	6,517
State Casino Gaming	14,455	32,385	17,713	19	19,796	9,350	1	9,349
Homeowner Construction Lien Recovery	3,759	1,535	1,576	-0-	1	3,716	150	3,567
Michigan Nongame Fish and Wildlife	422	1,486	706	-0-	3	1,198	1	1,197
21 st Century Jobs Trust	380,143	-0-	97,663	-0-	50,000	232,480	-0-	232,480
Michigan Merit Award Trust	37,465	361,866	368,225	-0-	4,250	26,857	12	26,844
Michigan Tobacco Settlement								
Finance Authority	698	415,000	691	-0-	415,000	8	-0-	8
Outdoor Recreation Legacy	-0-	2,774	2,493	3,421	-0-	3,702	87	3,615
Off-Road Vehicle	-0-	3,760	2,835	6,326	-0-	7,251	1	7,250
Snowmobile	-0-	7,261	10,666	13,436	-0-	10,031	5	10,026
State Building Authority								
Advance Financing	(26,116)	170,660	203,044	2	-0-	(58,499)	6	(58,505)
Michigan Strategic	27,588	106,341	111,657	-0-	-0-	22,271	491	21,780
Land Bank Fast Track Authority	2,486	979	1,040	-0-	-0-	2,424	-0-	2,424
State Exposition and Fairgrounds Authority	1,198	4,739	5,005	-0-	-0-	932	193	739
Jobs for Michigan Investment	39,517	98,849	112,745	-0-	-0-	25,620	-0-	25,620
School Loan Revolving	43,088	95,649	70,942	-0-	-0-	67,795	-0-	67,795
Total Special Revenue	\$ 1,698,685	\$ 5,274,274	\$ 4,378,918	\$ 1,108,148	\$ 1,713,483	\$ 1,988,706	\$12,957	\$ 1,975,748

Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-06	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-07	Warrants Outstanding	Available Balances 9-30-07
BOND, DEBT SERVICE AND CAPITAL PROJECTS								
Recreation Bond - Local Projects	\$ 146	\$ 8	\$ -0-	\$ -0-	\$ -0-	\$ 154	\$ -0-	\$ 154
Clean Michigan Initiative Bond - Local Projects	2,019	106	118	-0-	-0-	2,008	-0-	2,008
Clean Michigan Initiative Bond - Environmental Projects	68,095	2,881	31,617	-0-	24	39,335	815	38,520
Environmental Protection Bond	31,379	-0-	4,440	-0-	8,000	18,940	55	18,884
School Bond Loan	1,119	-0-	257	-0-	-0-	861	-0-	861
Great Lakes Water Quality Bond Fund	30	291	309	-0-	2	10	-0-	10
1989 State Trunkline Bond Proceeds	1,055	41	88	-0-	1,008	-0-	-0-	-0-
1992 State Trunkline Bond Proceeds	1	205	140	36	-0-	101	-0-	101
1994 State Trunkline Bond Proceeds	210	229	115	-0-	324	-0-	-0-	-0-
State Trunkline Bond Proceeds	241,658	435,971	389,583	-0-	-0-	288,046	-0-	288,046
Build Michigan II - GARVEE Note Proceeds	8	53,423	123	-0-	53,667	(360)	-0-	(360)
Comprehensive Transportation Bond Proceeds	94,858	4,734	27,851	-0-	-0-	71,740	1	71,739
Combined State Trunkline Bond and Interest Redemption	27	1	158,370	158,466	-0-	124	10	114
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	-0-	33,160	33,160	-0-	-0-	-0-	-0-
Recreation and Environmental Protection Bond Redemption	1,202	39	99,798	99,818	-0-	1,260	1	1,260
School Loan Bond Redemption	237	-0-	42,677	42,482	-0-	41	-0-	41
Clean Michigan Initiative Bond - State Projects	1,766	98	1	-0-	-0-	1,863	-0-	1,863
Recreation Bond - State Projects	139	8	-0-	-0-	-0-	147	-0-	147
Total Bond, Debt Service and Capital Projects	\$ 443,948	\$ 498,034	\$ 788,647	\$ 333,962	\$ 63,025	\$ 424,272	\$ 882	\$ 423,390
ENTERPRISE								
Liquor Purchasing Revolving	\$ 65,926	\$ 759,004	\$ 602,041	\$ -0-	\$ 162,440	\$ 60,449	\$ 3,472	\$ 56,977
State Lottery	4,215	1,309,462	541,326	-0-	767,766	4,584	1,032	3,553
Michigan Higher Education Assistance Authority	110	3,000	3,110	-0-	-0-	-0-	75	(75)
Michigan State Housing Development Authority	(110)	167,551	167,442	-0-	-0-	-0-	764	(764)
State Water Pollution Control Loan	42,922	59,007	101,897	-0-	-0-	33	-0-	33
Total Enterprise	\$ 113,063	\$ 2,298,025	\$ 1,415,816	\$ -0-	\$ 930,206	\$ 65,066	\$ 5,343	\$ 59,724
INTERNAL SERVICE								
Correctional Industries Revolving	\$ (1,217)	\$ 45,488	\$ 45,686	\$ -0-	\$ -0-	\$ (1,415)	\$ 159	\$ (1,574)
Motor Transport	(291)	53,372	52,451	-0-	27	603	7	595
Office Services Revolving	(7,442)	143,525	144,089	-0-	111	(8,117)	16	(8,133)
Information Technology	36,188	455,987	467,390	-0-	1,154	23,632	747	22,885
Risk Management	9,136	40,487	42,859	-0-	14	6,751	-0-	6,751
State Sponsored Group Insurance	201,611	1,124,777	1,133,184	-0-	-0-	193,204	152	193,052
Total Internal Service	\$ 237,986	\$ 1,863,636	\$ 1,885,658	\$ -0-	\$ 1,307	\$ 214,657	\$ 1,081	\$ 213,577

Table 4



Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-06	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-07	Warrants Outstanding	Available Balances 9-30-07
RETIREMENT								
Legislative	\$ 3,636	\$ 67,058	\$ 69,386	\$ -0-	\$ -0-	\$ 1,308	\$ 52	\$ 1,256
State Police	4,064	680,899	679,953	-0-	1	5,009	195	4,815
State Employees'	10,614	6,416,571	6,399,911	-0-	13	27,261	2,324	24,937
Public School Employees'	81,618	23,759,100	23,730,700	-0-	71	109,947	8,388	101,559
Judges'	1,104	175,693	175,616	-0-	-0-	1,181	52	1,129
Total Retirement	\$ 101,036	\$ 31,099,321	\$ 31,055,565	\$ -0-	\$ 85	\$ 144,706	\$ 11,011	\$ 133,695
TRUST AND AGENCY								
Michigan Employment Security								
Act Contingent	\$ 12,336	\$ 13,091	\$ 6	\$ -0-	\$ 12,614	\$ 12,807	\$ -0-	\$ 12,807
Vietnam Veterans' Memorial Monument	570	115	26	-0-	-0-	658	-0-	658
Law Enforcement Officers Memorial	45	31	10	-0-	-0-	67	3	64
Military Family Relief	1,489	683	403	-0-	-0-	1,769	-0-	1,768
Children's Institute Trust	99	5	3	-0-	-0-	102	-0-	102
Abandoned and Unclaimed								
Property (Escheats)	85,676	111,399	114,144	-0-	-0-	82,931	2,528	80,403
Gifts, Bequests, and Deposits Investment	17,360	112,909	112,707	-0-	-0-	17,563	539	17,023
Silicosis, Dust Disease, and Logging								
Industry Compensation	2,868	1,634	2,348	-0-	4	2,149	31	2,118
Assigned Claims Facility and Plan	1,002	133,045	133,670	-0-	97	280	2	278
Second Injury	15,567	20,617	17,745	-0-	13	18,426	705	17,721
Hospital Patients'	149	1,765	1,685	-0-	-0-	229	30	199
Self-Insurers' Security	17,516	11,804	8,893	-0-	6	20,421	160	20,261
State Employees' Deferred Comp. I (457)	912	64,987	64,733	-0-	-0-	1,166	-0-	1,166
State Employees' Deferred Comp. II (401k)	780	122,696	122,476	-0-	-0-	1,000	-0-	1,000
State Employees' Defined Contribution Plan	203	102,023	101,974	-0-	-0-	252	-0-	252
Special Assessment Deferment	1,263	332	46	-0-	-0-	1,549	-0-	1,549
Environmental Quality Deposits	2,887	171	3	-0-	-0-	3,055	-0-	3,055
Insurance Carrier Deposits	1,255	57,652	57,992	-0-	-0-	914	5	909
Utility Consumer Representation	3,598	1,233	1,281	-0-	3	3,548	15	3,532
Transportation Related	(27,043)	253,671	242,691	-0-	-0-	(16,063)	876	(16,939)
Total Trust and Agency	\$ 138,531	\$ 1,009,863	\$ 982,837	\$ -0-	\$ 12,737	\$ 152,820	\$ 4,895	\$ 147,925
GRAND TOTALS	\$ 1,524,697	\$ 86,367,395	\$ 85,810,876	\$ 2,927,228	\$ 2,927,228	\$ 2,081,216	\$ 129,510	\$ 1,951,706

(a) Receipts include \$21,688.4 million of securities sold and matured.

(b) Disbursements include \$26,243.4 million of securities purchased.

Table 5



Demand Depositories as of September 30, 2007 (In Thousands of Dollars)

City	Depository Bank	Deposits ^(a)	City	Depository Bank	Deposits ^(a)
Adrian	Sky Bank	\$ 50	Ithaca	Commercial National Bank	7
	Bank of Lenawee	110	Kalamazoo	National City Bank	44
Alma	Firstbank, Alma	155	L'Anse	Commercial National Bank	42
Bad Axe	Signature Bank	66	Lansing	LaSalle Bank-Credit Card	1,649
Baldwin	Lake Osceola State Bank	5		LaSalle Bank-Main Acct.	4,920
Beulah	Central State Bank	47	Lapeer	Lapeer County Bank and Trust	116
Caro	Independent Bank - East Michigan	12	Manistique	mBank	177
Cheboygan	Citizens National Bank	84		State Savings Bank	16
Chelsea	Chelsea State Bank	150	Marquette	Wells Fargo Bank, Michigan	1,064
Coldwater	Century Bank and Trust	129	Mason	Mason State Bank	262
	Southern Michigan National Bank	105	Midland	Chemical Bank and Trust	4,412
Croswell	Eastern Michigan Bank	5	Monroe	Monroe Bank and Trust	222
Crystal Falls	First National Bank	67	Mt. Pleasant	Isabella Bank and Trust	266
Detroit	JP Morgan Chase-Income Tax	3,365	Munising	Peoples State Bank of Munising	28
	JP Morgan Chase-Main Acct.	153,310	Newberry	Tahquamenon Area Credit Union	20
	Comerica Bank - Detroit	8,813	Norway	First National Bank	39
	Comerica Bank - ACH Service	7,629	Ontonagon	Citizens State Bank	56
Eastpointe	First State Bank	261	Port Austin	Port Austin State Bank	4
East Tawas	Huron Community Bank	72	Rockford	Independent Bank - West Michigan	511
Escanaba	Northern Michigan National Bank	12	St. Charles	Community State Bank	140
	Upper Peninsula State Bank	121	St. Ignace	First National Bank	62
Fenton	The State Bank	138	Sault Ste. Marie	Central Savings Bank	84
Flint	Citizens Banking Corporation	2,945		Soo Co-Op Credit Union	11
Gladstone	Bay Bank	5	Shelby	Shelby State Bank	62
	First Bank Upper Michigan	15	Stockbridge	SSBBank	3
Grand Rapids	Fifth Third Bank	9,145	Three Rivers	First National Bank	15
Hancock	Superior National Bank and Trust	183	Wakefield	First National Bank	119
Hillsdale	Hillsdale County National Bank	128	West Branch	Firstbank, West Branch	65
Ionia	Independent Bank	803	Zeeland	Huntington National Bank	687
	Ionia County National Bank	123			
Iron Mountain	First National Bank of Iron Mountain	39	Total		203,216
Ishpeming	Peninsula Bank	21			

(a) Deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system. Deposits are rounded to the nearest thousand and are secured by \$385 million of collateral.

Bonds and Notes

The Michigan Constitution limits State general obligation debt to (1) short-term debt for State operating purposes, (2) short- and long-term debt for the purpose of making loans to school districts, and (3) long-term debt for voter-approved purposes.

Short-term debt for operating purposes is limited to an amount not in excess of 15 percent of undedicated revenues received during the preceding fiscal year (FY). Under the Michigan Constitution as implemented by statutory provisions, such debt must be authorized by the State Administrative Board and issued only to meet obligations incurred pursuant to appropriation and must be repaid during the FY in which it was incurred. Such debt does not require voter approval.

The amount of debt incurred by the State for the purpose of making loans to school districts is recommended by the State Treasurer, who certifies the amounts necessary for loans to school districts semiannually. The bonds may be issued in whatever amount is required without voter approval. All other general obligation bonds issued by the State must be approved as to amount, purpose, and method of payment by a two-thirds vote of each house of the Legislature and by a majority vote of the public at a general election.

There is no limitation as to number or size of such general obligation issues.

General Obligation Debt

All current general obligation bond and note issues are presented in Table 6, *General Obligation Debt, Bond and Note Payments*. During fiscal 2007, the State did not issue any new debt to fund the School Bond Loan, Environmental and Great Lakes Water Quality Programs.

Special Authority Revenue Bond Debt

Certain governmental authorities issue revenue bonds for construction projects and to acquire or build facilities for the State or its institutions of higher learning. These bonds, as shown in Table 7, *Special Authority Revenue Bond Debt*, are obligations of the individual authorities and are not direct general obligations of the State.

Special Revenue Debt

The State periodically issues long-term bonds for specific purposes, as presented in Table 10, *Special Revenue Debt, Bond and Note Payments*. These issues are not supported by the State's general credit, and their financing comes strictly from the designated revenue sources.

Table 6



General Obligation Debt, Bond and Note Payments (In Thousands of Dollars)

Item		Issue Date	Maturity Dates	New Issues	Refunded Principal	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-07
School Bond Loan (a)	Series 1995	1995	1996-2015	\$ -0-	\$ -0-	\$ 8,720	\$ 224	\$ -0- *
	Series 1998	1998	2000-2017	-0-	7,970	7,625	1,223	35,865 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	85	80	2,309	84,795 *
	Series 2002 (Refunding)	2002	2003-2015	-0-	8,520	-0-	2,169	76,305 *
	Series 2005B Multi-Modal	2005	2017-2025	-0-	156,875	-0-	15,831	192,635 *
	Series 2005C Multi-Modal	2005	2020-2024	-0-	-0-	-0-	2,211	113,090
	Series 2006A	2006	2017-2025	-0-	66,830	-0-	1,712	-0-
Environmental Protection (b)	Series 1989	1989	1994-2019	-0-	-0-	1,046	2,329	4,212 *
	Series 1992	1992	2005-2012	-0-	-0-	1,183	6,260	74,773 *
	Water Pollution 1992	1992	1994-2012	-0-	-0-	775	331	4,980
	Water Pollution 1993	1993	1995-2013	-0-	-0-	965	386	7,255
	Series 1995	1995	1996-2019	-0-	-0-	2,010	1,865	5,485 *
	Series 1998	1998	1998-2017	-0-	-0-	3,970	499	8,510 *
	Series 2000	2000	2001-2020	-0-	-0-	2,300	634	10,375 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	-0-	12,470	3,638	60,345
	Series 2002 (Refunding)	2002	2004-2015	-0-	-0-	2,095	6,795	129,015
	Series 2003	2003	2007-2021	-0-	-0-	1,779	1,919	36,221
	Series 2005B (Refunding)	2005	2013-2016	-0-	-0-	-0-	2,295	45,895
	Series 2005B (Refunding)	2005	2019-2021	-0-	-0-	-0-	1,825	36,492
	Series 2005C (Refunding)	2005	2008-2013	-0-	-0-	-0-	227	5,482
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	679	25,000
Recreation (c)	Series 2002 (Refunding)	2002	2005-2012	-0-	-0-	2,000	958	19,090
Clean Michigan Initiative (d)	Series 1999A	1999	2003-2019	-0-	-0-	3,640	735	11,990 *
	Series 2001	2001	2003-2019	-0-	-0-	3,815	1,403	26,150 *
	Series 2002 (Refunding)	2002	2004-2016	-0-	-0-	-0-	3,140	59,555
	Series 2003	2003	2007-2021	-0-	-0-	7,586	8,180	154,414
	Series 2005A	2005	2017-2021	-0-	-0-	-0-	3,247	64,935
	Series 2005A (Refunding)	2005	2017-2018	-0-	-0-	-0-	1,092	21,835
	Series 2005B (Refunding)	2005	2019-2021	-0-	-0-	-0-	22	443
	Series 2005C (Refunding)	2005	2008-2013	-0-	-0-	-0-	646	15,603
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	2,174	80,000
Great Lakes Water Quality Bonds (e) (f)	SWQIF 2003	2003	2053	-0-	-0-	-0-	-0-	6,000
	Series 2006B (SWQIF)	2006	2007, 2009	-0-	-0-	350	1,432	46,650
Total General Obligation Debt				\$ -0-	\$ 240,280	\$ 62,409	\$ 78,390	\$ 1,463,395

(a) P.A. 112 of 1961 as amended, provides that the State may borrow from time to time such amounts as shall be required for the purpose of making loans to school districts. Requirements are determined semiannually and General Obligation debt is issued as needed.

(b) P.A. 328 of 1988, provided for the issuance of \$660 million General Obligation Bonds, of which \$8.5 million remains.

(c) P.A. 329 of 1988, provided for the issuance of \$140 million General Obligation Bonds, all of which have been issued.

(d) P.A. 284 of 1998 and P.A. 451 of 1994, as amended, provided for the issuance of \$675 million General Obligation Bonds, of which \$179.9 million remains.

(e) P.A. 396 of 2002 provided for the issuance of 1.0 billion General Obligation Bonds, of which \$856.8 million remains.

(f) On December 18, 2003, the State issued \$100 million in general obligation Great Lakes Water Quality Bonds pursuant to voter authorization which were placed with a State Authority. To date, the State has recognized \$10.0 million of this as a liability on the State of Michigan Comprehensive Annual Financial Report of which \$6.0 million remains outstanding.

* All or part of the principal amount not presented and not represented in the totals due to the advanced refunding of all or part of this obligation. The table below summarizes the advanced refunding activity by type of bond.

Advanced Refunded Series	Amount From Series	FY 07 Paid From Escrow Refunded	FY 07 Escrow Principal	FY 07 Escrow Interest	Balance
General Obligation Debt:					
School Bond Loan	2002, 2007A, SLRF	\$ 309,335	\$ -0-	\$ 8,973	\$ 320,017
Environmental Protection	2002	96,425	-0-	4,461	87,755
Clean Michigan Initiative	2002, 2005A	81,660	-0-	4,267	78,470
Great Lakes Water Quality	2006B	4,000	-0-	-0-	4,000
		\$ 491,420	\$ -0-	\$ 17,701	\$ 490,242



Special Authority Revenue Bond Debt ^(a) (In Thousands of Dollars)

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-07
Mackinac Island State Park Commission	\$ -0-	\$ 295	\$ 92	\$ 1,350 *
Michigan State Housing Development Authority (b)	225,953	206,870	81,597	1,785,202
Michigan State Hospital Finance Authority (c)	491,992	244,646	234,606	5,130,846 *
Michigan Higher Education Facilities Authority	290,610	75,230	16,899	566,430
Michigan Higher Education Student Loan Authority	66,500	101,475	89,060	2,317,984
Michigan Municipal Bond Authority	1,565,735	705,006	176,866	4,145,895
Michigan State Building Authority (d)	-0-	83,595	117,594	3,365,715 *
Michigan Public Educational Facilities Authority	62,345	9,600	2,644	104,545
Michigan Tobacco Settlement Finance Authority	522,992	-0-	33,293	1,013,492
Total Special Authority Revenue Bond Debt	\$3,226,127	\$1,426,717	\$752,651	\$18,431,459

* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation.

(a) Not administered by Department of Treasury. Information in the table is provided by each Authority.

(b) The new issues include \$224 million of new bond issues plus \$1.5 million of capital appreciation for the fiscal year. Amounts are as of June 30, 2007 fiscal year end.

(c) Balance includes \$4,962.1 million in bonds and \$168.7 million in Hospital Equipment Loan Program (HELP) notes. Balance does not include MSHFA obligations that have been advance refunded. In fiscal year 2007, net escrow payment activity was \$29.2 million leaving an escrow principal liability as of September 30, 2007 of \$1,268.5 million.

(d) Balance does not include obligations that have been advance refunded. The escrow principal liability as of September 30, 2007 was \$1,160.2 million. Also, outstanding principal balance does not include commercial paper notes issued by the Authority. As of September 30, 2007, \$146.7 million of commercial paper notes was outstanding. Includes capital appreciation bonds reported with an ultimate maturity value of \$891.8 million. The accreted value as of September 30, 2007 is \$415.7 million.

Table 8



General Obligation Bond Payment Schedule (In Thousands of Dollars)

For Period Ended September 30	Principal	Interest	Total
2008	\$ 55,099	\$ 53,377	\$ 108,476
2009	117,442	76,766	194,208
2010	76,314	71,159	147,473
2011	84,616	62,999	147,615
2012	85,704	61,744	147,448
2013	108,640	49,838	158,478
2014	105,710	44,272	149,982
2015	102,965	38,753	141,718
2016	100,095	33,347	133,442
2017	62,980	29,050	92,030
2018	75,640	25,448	101,088
2019	82,870	21,354	104,224
2020	128,135	16,139	144,274
2021	131,100	9,802	140,902
2022	54,455	4,877	59,332
2023	32,215	3,041	35,256
2024	32,715	1,818	34,533
2025	10,100	982	11,082
2026	10,600	477	11,077
Thereafter (a)	6,000	-	6,000
Total (b)	\$1,463,395	\$605,243	\$2,068,638

(a) On December 18, 2003, the State issued \$100 million in general obligation Great Lakes Water Quality Bonds pursuant to voter authorization which were placed with a State Authority. To date, the State has recognized \$10.0 million of this as a liability on the State of Michigan Comprehensive Annual Financial Report of which \$6.0 million remains outstanding.

(b) Includes \$192.7 million in State of Michigan Multi-Modal General Obligation Taxable School Loan Bonds, assuming a 5.41% interest rate and \$113.1 million in State of Michigan Multi-Modal General Obligation Tax-Exempt School Loan Bonds, assuming a 3.60% interest rate and maturing in years 2017 through 2024.

Table 9



Bonds and Notes Payable by Fiscal Year (In Thousands of Dollars)

Item	Outstanding on September 30				
	2003	2004	2005	2006	2007
GENERAL OBLIGATION DEBT					
School Bond Loan	\$ 550,135	\$ 625,480	\$ 721,230	\$ 759,395	\$ 502,690 *
Environmental Protection	485,163	513,090	487,341	482,633	454,040 *
Recreation	34,750	34,690	22,935	21,090	19,090
Clean Michigan Initiative	300,990	314,732	375,516	449,966	434,925 *
Great Lakes Water Quality Bonds	-0-	10,000	10,000	53,000	52,650
Total General Obligation Debt	\$ 1,371,038	\$ 1,497,992	\$ 1,617,022	\$ 1,766,084	\$ 1,463,395
NON-GENERAL OBLIGATION DEBT					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 1,123,900	\$ 1,268,814	\$ 1,594,798	\$ 1,836,104	\$ 1,795,879 *
MDOT Grant Anticipation Notes	600,000	600,000	172,000	84,000	32,000
MDOT Grant Anticipation Bonds	-0-	-0-	-0-	-0-	485,115
Michigan Department of Natural Resources					
State Park Revenue Bonds	15,500	15,010	14,500	13,965	13,405
Special Authorities-Revenue Bonds and Notes: (a)					
Mackinac Island State Park Commission	2,320	2,100	1,865	1,645	1,350 *
Michigan State Housing Development Authority	1,841,384	1,713,065	1,732,892	1,766,202	1,785,202
Michigan State Hospital Finance Authority	4,087,137	4,093,523	4,384,008	4,857,896	5,130,846 *
Michigan Higher Education Facilities Authority	340,485	384,010	393,845	410,875	566,430 *
Michigan Higher Education Student Loan Authority	1,299,420	1,860,440	2,287,050	2,355,400	2,317,984
Michigan Municipal Bond Authority	3,095,091	3,435,178	3,809,532	3,456,474	4,145,895
Michigan State Building Authority	2,606,760	2,544,580	2,614,520	3,449,310	3,365,715 *
Michigan Underground Storage Tank Financial Assurance Authority	121,550	104,780	-0-	-0-	-0-
Michigan Public Educational Facilities Authority	14,890	19,000	26,520	51,800	104,545
Michigan Broadband Development Authority	50,000	50,000	23,444	-0-	-0-
Michigan Family Farm Development Authority	37	1	-0-	-0-	-0-
Michigan Tobacco Settlement Finance Authority	-0-	-0-	-0-	490,501	1,013,492
Total Non-General Obligation Debt	\$15,198,474	\$16,090,501	\$17,054,974	\$18,774,172	\$20,757,858

* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation.

(a) Does not include the activity of the Michigan Strategic Fund.

Table 10



Special Revenue Debt, Bond and Note Payments (In Thousands of Dollars)

		Issue Date	Maturity Dates	Amount issued	Refunded Principal	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-07
Michigan Department of Transportation								
Tax Dedicated Bonds Michigan								
Comprehensive Transportation:								
RF. SR. 1998-A	1998	2010	\$ 38,640	\$ -0-	\$ 4,030	\$ 1,586	\$ 29,700	
RF. SR. 2001-A	2001	2021	27,765	-0-	-0-	1,410	27,765	
RF. SR. 2002-A	2002	2011	89,620	-0-	10,355	2,495	36,130	
Series 2002-B	2002	2022	82,310	-0-	3,075	1,085	17,895 *	
Series 2003	2003	2023	35,020	-0-	1,360	775	19,665 *	
Series 2005	2005	2023	62,180	-0-	-0-	3,264	62,180	
Series 2006	2006	2024	53,685	-0-	1,410	2,313	52,275	
State Trunkline Fund:								
Series 1989-A	1989	2019	135,780	-0-	1,783	4,172	3,221 *	
Series 1992-A	1992	2021	253,618	-0-	3,848	5,292	22,076 *	
RF. SR. 1992-B I & II	1992	2021	99,592	-0-	674	926	3,217 *	
SR. 1996-A	1996	2026	54,500	-0-	1,210	38	-0 *	
RF. SR. 1998-A	1998	2026	377,890	-0-	2,545	19,357	374,410	
Series 2001-A	2001	2030	308,200	-0-	5,625	1,828	32,715 *	
RF. SR. 2002	2002	2021	97,870	-0-	4,230	3,633	68,615	
RF. SR. 2004	2004	2021	103,450	-0-	80	5,088	99,740	
Series 2004	2004	2019	185,710	-0-	-0-	4,678	100,480 *	
RF. SR. 2005	2005	2022	223,020	-0-	-0-	11,690	223,020	
RF. SR. 2005B	2005	2019	378,250	-0-	-0-	18,102	378,250	
Series 2006	2006	2022	244,525	-0-	-0-	10,001	244,525	
MDOT Grant Anticipation Notes:	Series 2002-A,B,C,D	2002	2009	200,000	52,000 (1)	-0-	1,540	32,000
MDOT Grant Anticipation Bonds:	Series 2007	2007	2027	485,115		-0-	-0-	485,115
Michigan Department of Natural Resources State Park								
Revenue Bonds	Series 2002	2002	2022	15,500	-0-	560	541	13,405
Total Special Revenue Debt					\$52,000	\$40,785	\$99,814	\$2,326,399

(1) Principal paydown from available funds.

* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation. The table below summarizes the advance refunding activity by type of bond.

Series	Advanced Refunded From Series	Amount Refunded	FY 07 Paid From Escrow Principal	FY 07 Paid From Escrow Interest	FY 07 Escrow Balance
Special Revenue Debt:					
Comprehensive Transportation	2005	\$ 65,100	\$ -0-	\$ 3,249	\$ 62,810
Trunkline Transportation	1998A, 2002, 2004, 2005	376,280	45,220	18,496	331,060
		\$ 441,380	\$ 45,220	\$ 21,745	\$ 393,870

State Tax Collections

State taxes and fees totaling \$21,562,192 (in thousands) were collected during fiscal year 2007, which is an increase of 0.15 percent from the previous fiscal year.

Major tax collections for fiscal year 2007 and the previous four

years are detailed in Table 11, *Treasury Administered Taxes and Fees Collected on a Cash Basis*, below.

Table 12, *Michigan State Taxes*, identifies all Michigan taxes and gives administrative information about each.

Table 11



Treasury Administered Taxes and Fees Collected on a Cash Basis (In Thousands of Dollars)

Type of Revenue	10-1-02 to 9-30-03	10-1-03 to 9-30-04	10-1-04 to 9-30-05	10-1-05 to 9-30-06	10-1-06 to 9-30-07
Income Tax:					
Withholding Tax	\$ 6,334,996	\$ 6,343,678	\$ 6,386,345	\$ 6,439,735	\$ 6,615,704
Individual Income Tax	431,889	496,135	638,351	692,234	735,150
Individual Income Tax Estimates	592,986	602,043	642,070	725,778	781,920
Individual Income Tax Penalty and Interest	18,789	19,193	18,416	20,073	23,263
Gross Individual Income Tax Collections	7,378,660	7,461,049	7,685,182	7,877,821	8,156,037
Tax Refunds and Tax Credits	(1,532,963)	(1,548,788)	(1,646,604)	(1,634,938)	(1,703,455)
Net Individual Income Tax	\$ 5,845,697	\$ 5,912,261	\$ 6,038,578	\$ 6,242,883	\$ 6,452,582
Single Business Tax	\$ 2,179,850	\$ 2,062,609	\$ 2,135,464	\$ 2,175,529	\$ 2,109,940
Single Business Tax Penalty and Interest	70,092	48,105	50,947	68,523	57,623
Gross Single Business Tax	2,249,942	2,110,713	2,186,411	2,244,052	2,167,563
Tax Refunds	(293,203)	(251,007)	(249,318)	(235,997)	(298,610)
Net Single Business Tax	\$ 1,956,739	\$ 1,859,706	\$ 1,937,093	\$ 2,008,055	\$ 1,868,953
Airport Parking Tax	\$ 14,342	\$ 14,737	\$ 17,670	\$ 20,196	\$ 21,366
Airport Parking Tax Penalty and Interest	.82	1	7	2	0
Cigarette - Tobacco Products Tax	874,441	932,131	1,146,375	1,138,529	1,088,426
Cigarette - Tobacco Products Tax Penalty and Interest (a)	304	(35)	402	1,509	1,179
Commercial Mobile Radio Service Tax	27,449	28,638	29,196	25,302	20,553
Convention Facility Tax	15,676	15,858	17,158	18,694	18,095
Convention Facility Tax Penalty and Interest	4	53	86	74	34
Environmental Protection Regulatory Fee (b)	58,459	58,422	59,167	55,784	53,114
Estate Tax (c)	106,819	80,968	106,543	772	1,007
Gas and Oil Privilege Fee	5,749	4,915	5,393	7,781	7,298
Gas and Oil Severance Tax	54,085	49,478	64,826	87,809	68,143
Industrial/Commercial Facilities Tax	156,406	154,267	141,384	136,783	115,539
Inheritance Tax (c)	239	293	212	69	(87)
Insurance - Retaliatory Tax	229,654	233,895	241,083	225,816	218,182
Intangibles Tax (d)	(994)	70	8	233	(11)
Motor Fuel Taxes	1,100,343	1,073,002	1,083,303	1,065,851	1,039,189
Non-Cigarette - Tobacco Products Tax	18,142	23,939	39,419	38,905	44,141
Real Estate Transfer Tax	257,537	318,029	320,223	311,833	240,020
Sales Tax	6,408,508	6,457,613	6,609,944	6,589,230	6,563,694
Sales, Use and Withholding Penalty and Interest	44,597	44,270	47,035	49,995	62,583
State Education Tax	1,776,174	1,542,252	1,794,026	1,900,206	2,075,011
State Housing Development Service Fee	8,409	9,092	7,060	9,001	10,333
Use Tax	1,236,133	1,317,494	1,396,395	1,391,289	1,382,798
Utility Property Tax	133,276	114,702	99,535	91,660	88,160
Other Taxes and Fees (e)	85,143	143,183	65,319	112,255	121,889
TOTAL	\$ 20,413,332	\$ 20,389,235	\$ 21,267,440	\$ 21,530,516	\$ 21,562,192

(a) Cigarette - Tobacco Products Tax Penalty and Interest refunds paid exceeded Penalty and Interest revenues collected in FY 2004.

(b) Public Act 390 of 2004 changed the name of the fee from Underground Regulatory to Environmental Protection Regulatory in FY 2005.

(c) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax. Refunds paid exceeded revenue collected in FY2007.

(d) Public Act 5 of 1995 repealed Public Act 301 of 1939 regarding collection of Intangible Taxes. Refunds paid exceeded revenue collected in FY 2003 and FY 2007.

(e) Includes Court Fines, Fees & Assessments, Driver Responsibility Fees, Trailer Coach Parks Specific Tax, Commercial Forest Tax and Low Grade Iron Ore Specific Tax. As of 2005, this line item no longer includes Revenue from Escheated Estates.

Table 12



Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-06 to 9-30-07	Disposition
Aircraft Registration	1923	Transportation	August 1	316	State Aeronautics Fund
Airport Parking	1987	TREASURY	15th of each month	21,366	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	TREASURY	20th of each month	6,426	State Aeronautics Fund
Beer and Wine Excise	1933	Labor & Economic Growth	Monthly reports and/or stamps	51,005	General Fund
Casino Wagering	1999	Education	Daily	159,333	School Aid Fund, General Fund
Cigarette Tobacco Products	1947	TREASURY	20th of each month	1,088,426	41.6% to School Aid Fund, 19.8% to General Fund, 3.8% to Healthy Michigan Fund, 34.8% to Local Units
Commercial Mobile Radio Service	1999	TREASURY	Last day of Feb., April, July & Oct.	20,553	Commercial Radio Suppliers and Counties, Public Safety Answering Points
Convention Facility Development	1985	TREASURY	15th of each month	18,095	Debt Service for Cobo Hall; Counties
Corporate Organization	1891	Labor & Economic Growth	At time of incorporation, admission or increase in stock	20,314	General Fund
Diesel Fuel	1947	TREASURY	20th of each month	114,180	Michigan Transportation Fund
Environmental Protection Regulatory	1989	TREASURY	10th and 25th of each month	53,114	General Fund
Estate	1994	TREASURY	Nine months following date of death	1,007	General Fund
Gas and Oil Privilege Fee	1973	TREASURY	25th of each month	7,298	General Fund
Gas and Oil Severance	1929	TREASURY	25th of each month	68,143	General Fund
Gasoline	1925	TREASURY	20th of each month	886,562	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	9,153	Agriculture Equine Industry Development Fund
Individual Income	1967	TREASURY	April 15	6,452,582	General Fund with 25.9% to School Aid Fund
Industrial/Commercial Facilities	1974	TREASURY	December 1	115,539	Local Units and School Aid Fund
Inheritance	1899	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	(87)	General Fund
Insurance Company Retaliatory	1987	TREASURY	Last day of April, July, Oct. and Jan.	218,182	General Fund
Intangibles	1939	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	(11)	General Fund
Liquified Petroleum Gas	1953	TREASURY	20th of each month	400	Michigan Transportation Fund
Liquor Excise - 4%	1957	Labor & Economic Growth	At the time of sale to retail licensees	35,689	School Aid Fund
Liquor Specific - 4%	1959	Labor & Economic Growth	At the time of sale to retail licensees	36,200	General Fund
Liquor Specific - 1.85%	1972	Labor & Economic Growth	At the time of sale to retail licensees	13,133	Liquor Purchase Revolving Fund
Liquor - 4% -- Tourism and Convention Facility	1985	Labor & Economic Growth	At the time of sale to retail licensees	35,766	Debt Service for Cobo Hall; Counties
Marine Fuel	1947	TREASURY	20th of each month	340	Michigan State Waterways Fund
Motor Carrier Diesel Fuel	1980	TREASURY	Last day of month following close of qtr.	31,175	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Labor & Economic Growth	December 1	403	Michigan Transportation Fund
Motor Vehicle Weight or Value	1905	State	Owner's birthday	880,082	Michigan Transportation Fund
Non-Cigarette Tobacco Products	1994	TREASURY	20th of each month	44,141	75% to Local Units, 25% to General Fund
Real Estate Transfer	1994	TREASURY	County Treasurer remits to State on the 15th in the month after receipt	240,020	School Aid Fund
Sales	1933	TREASURY	15th and last day of each month for accelerated filers. 20th day of the month for non-accelerated filers.	6,563,694	72.9% to School Aid Fund, 9.6% to General Fund, 1.0% to Comprehensive Transportation Fund, 16.3% to Local Units, 0.1% to Healthy Initiative Fund, 0.1% to Enhanced Enforcement
Single Business	1975	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	1,868,953	General Fund
State Education	1994	TREASURY	County Treasurer remits to State the month after receipt from Local Units	2,075,011	School Aid Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	1,476	General Fund
Use	1937	TREASURY	15th of each month	1,382,798	66.6% to General Fund, 33.4% to School Aid Fund
Utility Property	1905	TREASURY	July 1 or 1/2 on Aug. 1, 1/2 on Dec. 1	88,160	General Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	9,721	17.5% to Michigan State Waterways Fund, 33.5% to Harbor Development Fund, 49% to Marine Safety Fund

Local Property Taxes

Local property taxes in Michigan are levied by local units of government - school districts, cities, counties, townships, and villages. Each of Michigan's 83 counties then "equalizes" the local assessments.

Equalization ensures that similar properties in different areas are assessed equitably. Following county equalization, the State Tax Commission equalizes among counties.

Table 13, *Local Property Tax Valuation, Levies and Average Rates*, shows local, county and State equalized valuations for calendar year 2006 and the prior decade. This table also lists the total Taxable Valuation and the average tax rate (millage) for each year. Table 14, *Distribution of Local Property Taxes*, shows how property tax dollars are apportioned among the various taxing units.

Michigan taxpayers' local property tax burden is lessened substantially by an income tax credit for property taxes paid.

Table 13



Local Property Tax Valuation, Levies and Average Rates (In Millions of Dollars)

Calendar Year	Local Assessed Valuation	County Equalized Valuation	State Equalized Valuation	Taxable Valuation (a)	Total Taxes Levied	Average Rate (Mills) (b)	Homestead Average Rate (c)	Nonhomestead Average Rate
2006	\$ 436,294	\$ 436,422	\$ 436,421	\$ 340,334	\$ 13,598	39.96	32.66	51.38
2005	415,776	415,796	415,796	321,653	12,827	39.88	32.60	51.38
2004	392,562	392,621	392,622	304,716	12,190	40.00	32.71	50.81
2003	369,404	369,525	369,525	288,957	11,269	39.00	31.81	49.74
2002	343,577	343,715	343,715	274,652	11,033	40.17	32.60	51.00
2001	312,429	312,519	312,896	257,712	10,251	39.78	32.12	50.72
2000	284,331	284,427	284,427	240,647	9,462	39.32	31.54	50.10
1999	260,964	261,002	261,002	228,096	8,933	39.16	31.40	49.76
1998	237,401	237,410	237,416	215,179	8,450	39.27	31.43	49.68
1997	216,682	216,745	216,745	202,616	7,952	39.25	31.36	49.63
1996	200,246	200,341	200,341	191,777	7,536	39.32	31.35	49.52

(a) Beginning in 1994, property taxes have been levied against Taxable Value, not State Equalized Value.

(b) This is the Average Rate based on all classes of property. For 2003 only, the State Education Tax rate was 5.0, lowering average rates by 1.0 mill.

(c) Homesteads include those properties which receive the "homeowner's principal residence" exemption, and those which receive the "qualified agricultural property" exemption.

Table 14



Distribution of Local Property Taxes (In Thousands of Dollars)

Taxing Unit	Taxes Levied		Percent of Increase
	2005	2006	
City	\$ 2,294,324	\$ 2,426,969	5.78%
County	2,017,064	2,166,548	7.41%
Township	793,380	856,411	7.94%
Village	91,051	96,123	5.57%
School	5,710,028	6,019,205	5.41%
State Education Tax (a)	1,921,532	2,032,831	5.79%
Totals	\$12,827,379 (b)	\$13,598,087 (c)	

(a) For 2003 only, the State Education Tax rate was lowered from 6.0 mills to 5.0 mills.

(b) \$839.8 million of the total property taxes levied in 2005 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

(c) \$879.7 million of the total property taxes levied in 2006 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

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